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# **INTERNAL AUDIT REPORT**

**James W. Henderson, Financial/ Accounting Controls Analyst**

**Town of Trumbull, CT**

**Audit of Cash Receipts Processing & Handling Procedures**

**August 12, 2010**

Town of Trumbull  
Office of The Financial/Accounting Controls Analyst



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**August 12, 2010**

**Mr. Kenneth M. Martin, Jr., Chairperson**  
Board of Finance  
Town of Trumbull  
5866 Main Street  
Trumbull, CT. 06611

Dear Mr. Martin:

I respectfully submit the enclosed report entitled **Audit of Cash Receipts Processing and Handling Procedures.**

This audit examines the processing of revenues by various Town of Trumbull departments as well as the policies and procedures in place for handling those receipts.

- ◆ Provide an overview of selected individual departments handling of the cash receipts function for the Town of Trumbull.
- ◆ Review policies and procedures to improve handling of cash receipts.
- ◆ Identify areas where internal controls can be strengthened, improved and implemented to adequately safeguard town revenues.

The audit has revealed weaknesses in the town's internal control environment relating to cash receipts processing and handling. A lack of formal documented procedures presents possible risks to internal controls of town departments and agencies.

I would like to thank the town employees and agencies that assisted and cooperated with me during the audit process.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James W. Henderson".

James Henderson  
Financial/Accounting Controls Analyst

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## **I. Executive Summary**

I am presenting my audit of selected departments who handle and process cash transactions for the Town of Trumbull. This audit primarily examines the policies, procedures and practices being used in those particular areas. The areas reviewed receive, handle, and deposit cash, checks, and credit card payments for many different types of transactions.

My audit fieldwork has revealed weaknesses with the town's cash processing and handling practices that creates unnecessary risk as it relates to safeguarding of cash assets.

I counted petty cash funds held by various town agencies and departments and found overages in every case of those audited. The differences ranged from \$ .01 to \$14.12 over in the petty cash funds tested during these surprise counts.

Additionally, I have identified deficiencies with cash handling practices that have a negative impact on the town's internal control environment. I have noted the lack of documentation of policies in many departments, inconsistent policies and procedures, problems with segregation of duties and security issues in some of the departments audited.

These conditions can result in a lack of accountability for the town's cash assets. I recommend that written policies and procedures be developed to increase the accountability of all town departments and agencies. Security issues identified should be addressed to improve safety and internal controls of those areas mentioned in this report.

The town departments reviewed all had different reporting requirements that require certain specific decisions to be made by them. There should be clear written policies and procedures in place for all departments of the town to assist in fulfilling these requirements. These procedures should be used to address the potential risk of confusion or possible misunderstanding of requirements for their particular areas. The procedures should be comprehensive and be detailed enough in nature to manage possible risks to internal controls.

I also strongly recommend that cash handling classes be held to improve the cash handling skills and knowledge of those employees who handle cash on a daily basis for the town.

## **II. Introduction & Background**

A performance audit review was conducted in May/June/July 2010 to examine the cash receipts processing and handling procedures of the following town departments: Tax Collector, Building Department, Recreation Department, Tashua Knolls Golf Course, Town Clerk, Public Works Department, and the Trumbull Library.

The Tax Collectors office handles all property tax, personal property tax and sewer assessment billings and payments. Two cashiers at the front counter are responsible for accepting and processing payments received in person and also by mail. The office utilizes two automated cash registers with scanning capabilities. The registers have software for collecting real estate property taxes, business, and motor vehicle property taxes. The software utilized for these functions is from Quality Data Service Inc. Payments for sewer use charges are processed with a software package called Customer Utility Billing Enterprise System (CUBES).

At the beginning of each day the alarm system is deactivated in the lobby area. Each cashier turns on their computer station, removes cash tills from the safe and places their tills in the register for the beginning of the work day. Each till has an imprest balance of \$200. A cash box for sewer use assessment payments is also removed from the safe and placed under the counter of the register area. No written procedures are documented for the Tax Collectors cash handling areas.

The cashier opens the mail from the previous day and sorts it between payments for property taxes and sewer use charge payments. Cash receipts for property tax payments are entered into the computerized register system by batch. The system has the capability of stamping the back of each check with For Deposit Only for the Town of Trumbull and also posting the amount paid with a date and time. Cash receipts for sewer user payments are scanned by batch into the computerized register utilizing the Customer Utility Billing Enterprise System software. Adding machine tapes are prepared and reconciled to computer generated totals. The cashier places the deposit in the safe in a locking courier bag. The tax collectors office currently does not have a key for the bag. The deposit is taken to the bank later in the day with a police escort provided for the courier. The cash till drawer is also reconciled to the computer generated balance.

The Public Works Department operates the TEAM transfer station on Spring Hill Road. Monroe and Easton residents are required to buy dump tickets which can be purchased for \$12.00 for every 125 lbs. of material brought to the facility. Residents of the Town of Trumbull are required to show a drivers license proving that they are a resident of the town for dumping privileges.

The transfer station also accepts recyclable material such as glass bottles, paper, plastic, cardboard and metal cans. The Town of Trumbull receives \$5.00 per ton for the material it collects. Scrap metal is also collected and recycled for which the town receives the going market rate. The transfer station also accepts tires. A fee is charged of \$2.00 per tire. This fee is collected at the transfer station and a receipt is given to the resident. Organic materials are collected such as grass clippings, leaves, twigs and tree limbs that are turned into mulch to be sold.

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Fees for the purchase of mulch and scrap metal are handled at the Public Works facility on Church Hill Road. Transfer station pass payments are also processed at this facility. Parking lease fees are also collected from various companies for the use of parking spaces adjacent to the Transfer Station on Spring Hill Road. Two clerks presently handle the daily transactions and information processing for the Public Works Department. Many of the functions are done manually that could be automated to assist in streamlining the daily operations of the department.

The Building Department receives payments and processes applications for items such as Building Permits (new residential and commercial), Electrical Permits, Plumbing Permits, Pool Permits, Demolition Permits, Sign Permits etc. The Building Department utilizes a software program called EnerGov to track and handle permitting fees. The program has the capability to interface with an EnerGov program used by the Assessors Office. This function is not utilized. Two clerks handle the issuing of permits and the collection of the various fees for those permits. The daily transactions are recorded in a journal book and also entered into the EnerGov permitting system.

The Town Clerk receives payments for copies of documents, recording fees for real estate transactions, conveyance taxes, filing fees, vital statistic information, hunting permits, fishing permits, and dog licensing. The duties of the Town Clerk are governed by State Statute, Town Charter, and Town Council. State fees such as conveyance tax are collected and remitted to the State of Connecticut by the Town Clerk. The Town Clerk has software that links to an online sportsmen licensing system monitored by the Connecticut Department of Environmental Protection for tracking hunting and fishing licenses.

The Trumbull Library System derives income from fines for lost books, gifts, donations, video rentals, lost material fees, library card cost etc. Overdue fees, lost and paid fees are generated from the ILS system when a user makes a payment. In addition to its main branch the Trumbull Library System also operates the Fairchild Library branch. Revenues from these various sources are deposited twice a month. The Trumbull Library Board of Trustees serves as the policy –making body of the Library System.

The Tashua Knolls Golf Course is a 27- hole public facility owned by the town. Various fees are charged and collected such as greens fees and cart fees. The daily transactions are summarized by POS software. The employee involved in the cash receipting process records the daily transactions and does the bank deposit. After the money has been deposited in the bank, the bank receipt and backup reports are sent to Finance. The information is posted into the MUNIS financial system of the town. Bank statements are reconciled on a monthly basis by the Finance Department.

Golfers pay their fees in the Pro Shop then the golfer receives a receipt that is given to the Starter. The receipt shows the starter that the golfer paid for his round of golf. The Starter keeps a log of rounds of golf played. A cart rental agreement is completed when a golfer uses a cart. A copy is given to the golfer to give to the starter. The original of the agreement is kept with the daily information that is handled by the Administrative Assistant at the course.

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The Trumbull Recreation Department conducts a host of programs for children, clinics, sports leagues and camps. A yearly concert series is also administered by the department. Participants pay in person or by mail. Each participant fills out an application for a particular program with their name, the amount of the program and the name of the program. These are recorded in a book and separated by program. At the end of each business day the cash collected is counted and compared to the tally sheet. The concert ticket sales are also handled at the Recreation facility. The Recreation Department deposits the cash receipts into the bank and submits a copy of the deposit ticket to the Finance Department with a summary Treasurer's report and backup detail attached.

### **III. Scope**

This audit primarily examined cash receipts procedures and cash handling activity at the time audit fieldwork was performed for the departments selected.

### **Objective**

The objectives of this audit are to evaluate the cash handling procedures and practices on a sample basis and to determine if internal controls are sufficient enough to ensure:

- Adequate safeguarding of cash to protect against fraud and misuse of town funds.
- Adequate physical security is provided for cash funds.
- Adequate safety and security for town personnel responsible for handling cash receipts.
- Revenues and petty cash funds reconcile to town recorded amounts.
- Compliance with methods of proper internal control processes.

### **Methodology**

- Utilized self-assessment questionnaires in addition to conducting interviews with town personnel regarding their cash handling procedures and practices.
- Conducted surprise cash counts of petty cash funds in various departments.
- Reconciled petty cash funds and cash revenues.
- Determine compliance regarding separation of duties, reconciliation procedures, and cash handling policies.
- Provide guidance and written recommendations to management that will assist in the improvement of the internal control structure for cash handling procedures.

I conducted this performance audit in accordance with **Generally Accepted Government Auditing Standards**. Those standards require that I plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for my findings and conclusions based on my audit objectives. I believe that the evidence obtained provides a reasonable basis for my findings and conclusions based on my audit objectives.

In applying these **Generally Accepted Government Auditing Standards**, I am responsible for using my professional judgment when I establish the scope and methodology for my work, determining the tests and procedures that should be performed, conducting the work, and reporting the results. I need to maintain integrity and objectivity when performing this work to make decisions that are consistent with the broader public interest in the program or activity that is under review. When reporting the results of my work, I am responsible for disclosing all material or significant facts that I know which if not disclosed could mislead knowledgeable users, misrepresent the results of my findings, or conceal improper or unlawful practices.



## **IV. Findings & Recommendations**

### **Tax Collector**

#### **Finding 1      Daily Procedures are not documented for Tax Collectors Office**

Daily cash handling and processing procedures are not documented in writing for all employees to follow the same routine. This can lead to inconsistent handling of duties by individual cashiers and training of new employees.

#### **Recommendation for Tax Collector**

The department should formally document all of its policies and procedures in writing and be held by the Tax Collector. This will assist the department in training of new employees and also develop consistency with existing employees handling of daily routines.

#### **Response of the Tax Collector**

*The daily cash handling and processing procedure, including start and end of the day routines, are now documented; they have been reviewed by our staff and are filed in the Tax Collector's office.*

*It would be extremely difficult, if not impossible, to formally document all the policies and procedures of the Tax Collector's department. Training of new employees in each phase of our department, if needed, would have to be done by one of our staff, using the notes that refer to that particular position, i.e. sewer assessment and use, delinquent tax accounts, posting and releasing liens, and preparing monthly and yearly mandated local and state reports, etc. The training needed in a Tax Collectors office cannot, unfortunately, be reduced to specific policies and procedures.*

#### **Finding 2      Too Many Employees have Combination to the Safe**

Every employee in the Tax Collectors Office has the combination to the safe. I observed that the safe is left open all day causing security concerns for the safety of the contents which consisted of keys, cash, checks, and strong boxes. As a result, all employees would be suspected if items were missing or used for unauthorized purposes.

The keys to the cash register drawers are not stamped "Do Not Duplicate". As a result keys could be duplicated. It was also noted that the key for the lockable moneybag was missing. The Tax Collector Mary Moran during the audit contacted TD Bank to order a new key.

#### **Recommendation for Tax Collector**

Stamp all keys in the department that should not be duplicated, "Do Not Duplicate", to prevent unauthorized duplication of keys. Obtain key for cashier moneybag, and give the sole key to the individual responsible for the assigned moneybag that day. Modify safe procedures so that it requires dual custody, one cashier and a supervisor present during the opening of the safe.

**Response of the Tax Collector**

*Our part-time employee, does not have the safe combination, the rest of our staff, with the exception of the Tax Collector, who started 5 months ago, have long and impeccable histories of not only collecting and recording cash payments, but of safe-guarding the money.*

*The keys to the cash register itself are now stamped "Do not duplicate", as is the front door key to our office. There are no keys for the cash drawers. The new money bag ordered from T.D. North Bank will come with two keys; one key will be left at the bank and one will be left in the Tax Collector's office. If the keys that come with the bag are not stamped "Do not duplicate", I will make arrangements to have them so stamped.*

**Finding 3      Money in the Cash Register Drawers Is Not Adequately Secured**

It appears possible for any employee in the department to have a cash register drawer key duplicated and then use the key to open a locked unattended cash drawer and remove cash. When an employee takes a break or goes to lunch another cashier takes charge of the register. The till inside the cash register drawer does not have a lid that can be separately locked. The tills used in both cash register drawers can be removed and could probably be replaced with tills that can be locked.

**Recommendation for Tax Collector**

Obtain cash drawer tills that can be locked for the computerized cash registers when unattended by cashiers during breaks or lunch.

**Response of the Tax Collector**

*The cash register drawers do not have lids with working keys. The office and the cash drawers are never left attended, with the constant flow of taxpayers coming in and out of our office to pay their tax bills, it would be literally impossible to keep the register drawer locked. The drawers are always closed and in clear view of our staff.*

**Finding 4      Concerns over Supervisory (Tax Collector/Assistant Tax Collector) Review of Cashier's Daily Reconciliation**

Both cashier's have a \$200 change fund and a reconciliation (for the prior day's cash receipts) which are not reviewed or approved by a supervisor before the start of a new business day by the cashier. The prior day cash receipts could be inappropriately used to offset a change till shortage or current day cash receipts could be used inappropriately to offset a prior day payment shortage. The department does not conduct a surprise count of cash drawers.

**Recommendation for Tax Collector**

Supervisory personnel should conduct surprise cash counts of prior day till in drawer to reconcile to the imprest balance of \$200.

**Response of the Tax Collector**

*Either the Tax Collector or Deputy Tax Collector will begin reconciling, on a staggered basis, the prior day cash receipts and will conduct unannounced attempts to verify the amounts of money in the cash drawers after deposits are made.*

**Finding 5      Lack of Segregation of Duties**

I noted during the audit that one cashier removed the cash drawer till from the safe. The cashier opened the daily mail and posted receipts to the computerized cash receipts system. Supervisory management does not count or reconcile daily revenues and cash till funds. No independent count of the deposit was taken making it impossible to determine who would be responsible for any shortage or overage of funds.

**Recommendation for Tax Collector**

The Tax Collector should strengthen segregation of duties in its cash handling area by requiring a secondary count and verification of the daily deposit as well as the reconciliation of the change in the cash till drawer. Another employee other than the cashier assigned to the register should open the mail.

**Response of the Tax Collector**

*This will be taken care of. Independent count will be done. It would be difficult to have another employee, other than the cashier, open the mail; not enough hands that are idle.*

**Finding 6      Accounting for Revenues lacks direct Interface**

Daily revenues are accounted for on an excel spreadsheet since the Quality Data Service system for property and business tax revenues and the Customer Utility Billing Enterprise System (CUBES) for sewer assessment payments does not directly interface with the MUNIS financial record system for the town. This makes timely update of the MUNIS system impossible when revenues are only posted once a month. This also makes it possible for documentation errors in posting of revenues from the excel spreadsheet to MUNIS.

**Recommendation for Tax Collector**

Revenues should be posted to the MUNIS system on a timely basis (at least twice a month) since the purchase or writing of a bridge program to interface with MUNIS would be costly.

**Response of the Tax Collector/Finance Department**

*These concerns should be brought to the attention of the Director of Finance, she is the person best equipped to address these suggestions. The reconciliation of the Tax Collectors records on the Quality Data system to MUNIS is done on a yearly basis. The Finance Department is looking into reconciling on a quarterly basis as well as a direct interface capability.*

**Finding 7**      **Concerns for Security and Safety of Employees in Tax Collectors Office**

The Tax Collector and cashiers all expressed concern about the cash collection area because it does not provide adequate protection from theft or abusive customers.

During the audit the Tax Collector and cashiers stated that the panic buttons placed underneath the two cashier stations were too hard to reach. I observed one panic button in the cash collection area that was behind the desk of the Assistant Tax Collector making it difficult for her to activate without being detected by an individual at the counter. The Tax Collector and cashiers are concerned that a customer could easily enter their work area. I also observed a French door leading from the Tax Collectors office to the hallway area that at times was left ajar making it possible for pass thru traffic from other departments as well as access by the public.

**Recommendation for Tax Collector**

The Tax Collector in conjunction with the proper town agencies should ensure that appropriate security measures are identified and utilized for the department. These measures may include either properly positioned security cameras or fortified secure cash windows. The securing of the cash handling area by locking French door thus preventing access by the public and other town department personnel. Panic buttons should be repositioned under counter so cashiers do not have to stretch to reach them. The panic button in the cash handling area should be moved and office desks reconfigured. A lockbox with the bank should also be considered as well as check scanning system for deposit purposes.

**Response of the Tax Collector**

*As Tax Collector, I have had and continue to have, serious concerns since the day I arrived here, about the safety and security of our staff, and especially our cashiers. In discussing these concerns with the proper in-house authorities, all agree an immediate course of action must be taken to assure the safety of all concerned. It is my understanding that security cameras will be installed sometime in the near future. In my humble opinion, I don't believe security cameras alone are the answer. The cashier's area needs more detail (glass protection if possible) from the public, because of the proximity of our cashiers to the side entrance of the Town Hall building, extra precautions should be our main focus-secure cash windows and install more accessible panic buttons.*

**Finance Department**

**Finding 1**      **Petty Cash Funds Do Not Reconcile to Finance Department Records**

As part of my audit work I conducted surprise physical cash counts of petty cash funds at selected town departments and agencies. I performed these counts without notifying the departments or agencies beforehand in order to increase my ability to detect any potential instances of cash theft and to determine the accuracy of the funds to the amount carried on the balance sheet. This also gave me the opportunity to observe whether internal controls were implemented and functioning properly. I conducted counts of petty cash funds at the Trumbull Library, Department of Public Works and the Trumbull Police Department. The amount carried on the balance sheet for petty

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cash in MUNIS appears to be a carried forward amount from a previous financial system. This amount has not been reconciled to the actual petty cash funds held by the various town agencies. The MUNIS financial system reflected a total for petty cash of \$ 2,590.06 for all departments.

**Recommendation for Finance Department**

I recommend that cash counts of petty cash funds are performed on a quarterly basis by the town agencies holding these funds. I also recommend that the Finance Department investigate any discrepancies in the quarterly amounts reported by the agencies. The amount carried on the balance sheet should also be investigated and adjusted accordingly.

Additionally, I recommend that surprise cash counts of petty cash funds continue throughout the year. All overages or shortages should be documented and reported to the Finance Department.

Agency	Petty Cash Fund per Finance	Petty Cash Fund per Audit	Difference Over/(Short)
Trumbull Library	\$75.00	\$75.01	\$0.01
Fairchild Branch	\$25.00	\$25.00	\$0.00
Public Works	\$400.00	\$402.61	\$2.61
Police Department	\$375.00	\$389.12	\$14.12
<b>Total Petty Cash Fund</b>	<b>\$875.00</b>	<b>\$891.74</b>	<b>\$16.74</b>

**Response of the Finance Department**

*The Finance Department will be making a journal entry to bring the balance in the G/L in-line with the four petty cash funds maintained by the Library, Public Works, and the Police Department.*

**Finding 2 Revenue detail continues not to be accounted for in MUNIS Financial System**

The revenue module of the MUNIS system is not utilized to its fullest extent. Bank deposit slips with a Treasurer's report and backup detail are transmitted to the Revenue Coordinator in the Finance Department. She then records the information into an excel spreadsheet on the 15<sup>th</sup> and 30<sup>th</sup> of each month to make journal entries into the MUNIS system. This continues to be the practice despite previous audit recommendations suggesting that the MUNIS system be investigated to be able to better accommodate miscellaneous revenue of the town.

**Recommendation for the Finance Department**

The revenue module of the MUNIS system should be utilized to track the varied number of revenue streams from various departments of the town. As from a previous audit recommendation centralized cash receipts processing should be implemented.

**Response of the Finance Department**

*The Director of Finance is working with various departments to implement. The resistance on the part of employees to utilize the cash receipts module in MUNIS to post cash receipts to the G/L system needs to be resolved.*

**Public Works**

**Finding 1      Fees Collected at Transfer Station not Secured**

The fees collected at the transfer station for disposal of tires are not secured in a safe place. Money is left out on a shelf under receipts to make change for other patrons who may not have exact change. Not all patrons are given a receipt for the fee collected.

**Recommendation for Public Works**

Fees collected at the transfer station should be secured in a safe or a locked strong box until the funds are turned over to Public Works for deposit. All patrons should receive a written receipt even if not requested at the time of the transaction. The transfer station should post signage asking patrons to use exact change and inform customers that they are to receive a receipt each time they pay a fee.

**Response of Public Works**

*Public Works Department concurs with findings. A strong box will be obtained for the tire monies collected.*

**Finding 2      Fees Collected at Public Works not Secured**

The fees collected at the Public Works facility are put in an open strong box near the cash register. Not all patrons are given a receipt for the fee collected.

**Recommendation for Public Works**

The strong box used to store cash receipts and transfer station passes should be locked and stored out of sight of the public. All patrons should receive a receipt for fees paid even if not requested

**Response of Public Works**

*The strong box is locked and stored out of sight of the public after working hours. To put the strong box under lock and key during working hours would create a time consuming process each time there is a money transaction with the public. The location of the strong box during the day is not reachable by the public. The camera and window also create a safeguard for the location of the strong box with the monies collected.*

**Finding 3   Safeguarding of Cash until Deposited**

Cash and checks collected during the course of the work day and not deposited are stored in a file cabinet for the night. Deposits are also only made every one to two weeks with outside assistance from another department. A sizeable amount of cash receipts can build up for which the town is losing interest.

**Recommendation for Public Works**

The Public Works area has a safe that should be utilized to store deposits over night instead of the file cabinet presently used. Deposits should be made on a timely basis to safeguard against possible loss and to mitigate possible theft. A lockable bank deposit bag should be obtained with a key for Public Works and a key for the bank. Public works should consider hiring a clerk to insure separation of duties.

**Response of Public Works/Finance Department**

*A part time clerk would help to keep track of some bookkeeping and make the deposits on a timely manner and eliminate the possibility of theft. The Director of Finance will hire an individual who will work in the Finance Department to assist in this area.*

**Finding 4   Policies and Procedures not documented in Writing for Public Works**

The clerks in the cash handling area do not have policies and procedures for their area documented in writing.

**Recommendation for Public Works**

Policies and procedures for the clerks in the cash handling area should be documented for uniformity and training purposes. They should be detailed enough so that the cashiers that are required to handle cash can use these procedures to perform their assigned duties. Written policies and procedures should include the internal structure required to provide assurance that all fees are charged properly, and all payments are received, deposited, and accounted for on a timely basis. Develop and implement procedures that provide reasonable assurance that the town is paid the going market rate for scrap metal that leaves the transfer station and that the money is deposited on a timely basis to the town bank account.

**Response of the Public Works Department/ Finance Department**

*I agree with a policy, so that everyone is on the same page and knows what procedures to follow, however it must come from Finance. Public Works Department concurs with findings. The Finance Department will assist in this matter.*

**Building Department**

**Finding 1 Accounting for Revenues lacks direct Interface**

Daily revenues collected for permits are accounted for utilizing a program called EnerGov. The program tracks fees collected as well as the type of permit issued. The EnerGov software does not directly interface with the MUNIS financial record system for the town. This makes timely update of the MUNIS system impossible when revenues are only posted on a monthly basis. Documentation errors are possible when transferring information from one software program and entering into another.

**Recommendation for Building Department**

Revenues should be posted to the MUNIS system on a timely basis since the EnerGov program does not interface with the MUNIS financial system.

**Response of Building Department/Finance Department**

*Building Department did not provide comments The Director of Finance is investigating and discussing an interface program with the MUNIS financial system to address this comment.*

**Finding 2 Receipts not issued for Fees Collected**

Not all patrons who are issued permits receive receipts for the fees charged to them. Patrons who paid cash are issued unnumbered handwritten receipts.

**Recommendation for Building Department**

All patrons should receive a paid receipt for fees collected whether requested or not. The EnerGov system has the capability of printing a receipt that shows the day, date, amount, payment type, check number, and applicants name and address. The receipting capability that the EnerGov software provides should be utilized to provide receipts to all patrons of the Building Department. If handwritten receipts are going to be utilized they should be sequentially numbered for control purposes.

**Response of Building Department**

*Most patrons pay by check which acts as the customer receipt for the permit payment.*



**Finding 3 Policies and Procedures not documented in Writing for Building Department**

The clerks in the cash handling area do not have policies and procedures for their area documented in writing.

**Recommendation for the Building Department**

Policies and procedures for the clerks in the cash handling area should be documented for uniformity and training purposes. They should be detailed enough so that the clerks that are required to handle and process cash can use these procedures to perform their assigned duties. Written policies and procedures should include the internal structure required to provide assurance that all Building Department fees are charged properly, and all payments are received, deposited, and accounted for on a timely basis.

**Response of Building Department/Finance Department**

*The Director of Finance will assist in implementing appropriate policies and procedures.*

**Recreation Department**

**Finding 1 Policies and Procedures for Recreation Department not documented in Writing**

The clerks in the cash handling area do not have policies and procedures for their area documented in writing.

**Recommendation for the Recreation Department**

Policies and procedures for the clerks in the cash handling area should be documented for uniformity and training purposes. They should be detailed enough so that the clerks that are required to handle and process cash can use these procedures to perform their assigned duties. Written policies and procedures should include the internal structure required to provide assurance that all Park and Recreation fees are charged properly, and all payments are received, deposited, and accounted for on a timely basis. Implementing procedures will improve continuity of practices whenever new employees are brought into the department.

**Response of the Recreation Department**

*We will work on a policies and procedures booklet. We actually have directions written into each folder for each individual task. We will work on combining it into one booklet.*

**Finding 2 Receipts not issued for Fees Collected**

Not all patrons who pay for recreation programs in person receive receipts for the fees charged to them. Patrons who paid cash are issued unnumbered handwritten receipts.

**Recommendation for Recreation Department**

All patrons should receive a paid receipt for fees collected when paying in cash whether requested or not. If handwritten receipts are going to be utilized they should be sequentially numbered for control purposes.

**Response of the Recreation Department**

*We can certainly start handing out receipts for all cash transactions. We do offer them to people and most refuse them. We would need to purchase numbered receipt books.*

**Finding 3 Internal Control Weakness for Mail Receipts**

The mail is opened by the Park and Recreation Director who passes on the checks received to the cash handling clerks.

**Recommendation for Recreation Department**

The mail should be delivered not opened to the clerks in the cash handling area. Two cash handling clerks should open the mail, log in and count the receipts received, and then sign off on the summary. If the receipts are passed on to another employee to deposit or for safekeeping that employee should show written acknowledgement of receipt and the dollar amount received.

**Response of the Recreation Department**

*Park and Recreation Department did not provide comments.*

**Finding 4 Receipts not Deposited on a Timely Basis**

Cash and checks are not deposited into the town bank account on a timely basis.

**Recommendation for Recreation Department**

Cash and checks should at least be deposited on a weekly basis to help prevent the possibility of loss or theft of funds. A sizeable amount of cash receipts can build up for which the town is losing interest.

**Response of the Recreation Department**

*I will be happy to make the deposits on a weekly basis however, some weeks have few transactions. The Recreation Department concurs with the finding.*



